

Date of Meeting: June 19, 2000

BOARD OF SUPERVISORS

FINANCE/GOVERNMENT SERVICES COMMITTEE

ACTION ITEM

#8

SUBJECT: CONSIDERATION OF A 2000 BOND REFERENDA AND/OR A VIRGINIA PUBLIC SCHOOL AUTHORITY (VPSA) PARTICIPATION FOLLOWED BY THE FUTURE SALE OF \$130,670,000 IN GENERAL OBLIGATION BONDS TO FINANCE CAPITAL PROJECTS INCLUDED IN THE ADOPTED FISCAL YEAR 2001-2006 CAPITAL BUDGET

ELECTION DISTRICT: County-wide

CRITICAL ACTION DATE: July 10, 2000 for the November 7, 2000 referenda

PUBLIC HEARING REQUIREMENT: If the Board should decide these financings will go to referenda, a public hearing is not required. However, if the Board should decide that any of the school financings are to be through VPSA, a public hearing is required for those financings.

RECOMMENDATIONS:

Staff: Staff recommends that the Finance/General Services Committee recommend to the Board of Supervisors adoption of the Resolution requesting the Circuit Court to order a November 7, 2000 special election on bond financing for capital projects included in the adopted FY01-06 Capital Budget as provided in Attachment II in an amount not to exceed \$130,670,000.

School Board: The School Board has requested that certain school projects be financed either through VPSA participation or a competitive sale (after a bond referendum) in an amount not to exceed \$119,865,000 as evidenced by a Resolution adopted April 25, 2000 (Attachment I). Clarification of this amount and its relationship to the adopted Capital Improvements Program (CIP) can be found in the **BACKGROUND** section of this item.

BACKGROUND: During the FY01 budget process, the Board of Supervisors considered and approved various capital projects which required the issuance of debt, local tax funding or other sources of financing. The Resolution of the School Board, adopted April 25, 2000, and being considered in this Item, requests \$119,865,000 of debt financing for school purposes. The Board of Supervisor's adopted CIP, a portion of the adopted FY01 budget, details a combination of debt financing, local tax funding, and other funding sources for the total costs of the projects considered in the \$119,865,000 School Board Resolution. Also under consideration for debt financing is \$10,805,000 for General Government projects.

The following chart illustrates the projects included in this Item and details total project costs along with the proposed financing sources as outlined in the adopted CIP.

NUMBER/PROJECT/DESCRIPTION	AMOUNT PER ADOPTED CIP			
	Debt Financing	Local Tax Funding	Other Funding	Project Total
School Projects				
(1) South Riding Elementary School (ES-2)	\$ 11,665,000	\$ 970,000	\$ 330,000	\$ 12,965,000
(2) Forest Ridge Elementary School (ES-3)	11,050,000	0	890,000	11,940,000
(3) Lansdowne Middle School (MS-2)	24,645,000	0	2,815,000	27,460,000
(4) Leesburg Area Middle School (MS-2)	25,145,000	2,885,000	0	28,030,000
(5) Seneca Ridge High School (HS-1)	41,710,000	0	6,415,000	48,125,000
(6) Middle School Improvements (4 Schools)	5,250,000	0	0	5,250
(7) School Parking Lots	400,000	0	0	400,000
TOTAL SCHOOL PROJECTS	\$119,865,000	\$3,885,000	\$10,450,000	\$134,170,000
General Projects				
(8) Dulles South Regional Park	\$7,800,000	\$0	\$0	\$7,800,000
(9) Public Safety Center – Broadlands Station	3,005,000	0	945,000	3,950,000
TOTAL GENERAL PROJECTS	\$10,805,000	\$0	\$945,000	\$11,750,000
TOTAL	\$130,670,000	\$3,855,000	\$11,395,000	\$145,920,000

Based on the Board's adopted Capital Improvements Program, \$130,670,000 of the aforementioned project costs would be considered for debt financing. The anticipated financing needs for all of the projects considered in this Item begin in FY01 or FY02.

ISSUES AND TIMING: Based on the Board's adopted Fiscal Policy, which specifies criteria for determining financing alternatives, the County can finance South Riding Elementary School (ES-2), Forest Ridge Elementary School (ES-3), the middle school improvements, and the paving of school parking lots (projects 1, 2, 6 and 7) through general obligation bonds sold to the market or VPSA. The two middle schools, the high school, the Dulles South Regional park project and the Broadlands Station public safety center (projects 3, 4, 5, 8 and 9) would require a referenda for financing by general obligation bonds sold to the market. For financing through the VPSA, the public hearing process must take place. For financing by general obligation bonds sold to the market, a referenda is required and the Board may take immediate action and the County Attorney will file the appropriate court order for a November 7, 2000 referenda. Other required resolutions and documents related to authorizing bond sales and closing will be prepared at a later date.

FISCAL IMPACT: The total cost of the projects included in this item is estimated to be \$145,920,000. Based on the adopted CIP, \$3,855,000 is to be financed through local tax funding, \$11,395,000 is to be funded through other sources and the remaining \$130,670,000 is to be financed through the issuance of general obligation bonds. Assuming that the \$130,670,000 bonds are issued on March 1, 2001, on a single basis, that the maturity is 20 years, that the principal amounts are repaid equally on an annual basis (declining annual debt service), that the average or net interest cost is 6.0% (an effective or true interest of 6.0%), the estimated interest charge or costs to repay the bonds would be \$82,314,000 for a total debt service of \$212,984,000.

ALTERNATIVES: There are numerous ways to combine the 9 projects being proposed for referenda. Staff has presented the questions combined by category (e.g., parks, public safety and schools). The Board of Supervisors' Fiscal Policy outlines financing options for capital projects. If the Board chooses to issue debt financing in accordance with the adopted CIP in the amount of \$130,670,000 (projects 1 through 9) the following options exists:

- 1) the Board may submit all these projects for referenda (Attachment II)
- 2) the Board may authorize projects 1, 2, 6 and 7 to be financed through the VPSA with projects 3, 4 5, 8 and 9 submitted for referenda.

DRAFT MOTION: I move that the Finance/Government Services Committee recommend that the Board of Supervisors adopt the attached resolution (Attachment II) entitled "Resolution of the Board of Supervisors of the County of Loudoun, Virginia, Requesting the Circuit Court to Order a Special Election on the Questions of Issuing Not to Exceed \$130,670,000 in General Obligation Bonds to Finance Public Improvements".

Or

I move an alternative motion.

ATTACHMENTS:	I. School Board Resolution Requesting \$119,865,000 Financing Dated April 25, 2000
	II Draft Board of Supervisors Resolution Requesting a \$130,670,000 Bond Referenda

STAFF CONTACT: Mark A. Withrow, Financial Analyst